

**CITY OF TEMPE, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2011**

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SINGLE AUDIT REPORTING PACKAGE
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HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council
City of Tempe, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tempe, Arizona as of and for the year ended June 30, 2011, which collectively comprise City of Tempe, Arizona's basic financial statements and have issued our report thereon dated November 30, 2011, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of City of Tempe, Arizona is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Tempe, Arizona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Tempe, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Tempe, Arizona's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Tempe, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Honorable Mayor, Members of the City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

November 30, 2011



HEINFELD, MEECH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Tempe, Arizona

Compliance

We have audited City of Tempe, Arizona's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Tempe, Arizona's major federal programs for the year ended June 30, 2011. City of Tempe, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Tempe, Arizona's management. Our responsibility is to express an opinion on City of Tempe, Arizona's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Tempe, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Tempe, Arizona's compliance with those requirements.

In our opinion, City of Tempe, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of City of Tempe, Arizona is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Tempe, Arizona's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Tempe, Arizona's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Tempe, Arizona as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011, which was modified as to consistency because of the implementation of Governmental Accounting Standards Board Statement No. 54. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Tempe, Arizona's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Honorable Mayor, Members of the City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

November 30, 2011

CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	CFDA Number	Pass - Through Grantor' Number	Expenditures & Transfers
<u>U.S. Department of Agriculture</u>			
Passed through Arizona Department of Health Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	HI05004	223,534
Total Department of Agriculture			223,534
<u>U.S. Department of Housing and Urban Development</u>			
Direct program:			
Community Development Block Grant, Entitlement Grants Cluster	14.218	N/A	2,248,342
Community Development Block Grant	14.253	N/A	44,036
ARRA: Community Development Block Grant			2,292,378
Total Community Development Block Grant, Entitlement Grants Cluster			2,292,378
ARRA: Homelessness Prevention & Rapid Re-Housing Program	14.257	N/A	340,900
Section 8 Housing Choice Vouchers	14.871	N/A	8,935,522
Passed through Maricopa County:			
Home Investment Partnerships Program	14.239	MCCD	465,938
Total Department of Housing and Urban Development			12,034,738
<u>U.S. Department of the Interior</u>			
Passed through National Park Service:			
Historic Preservation Fund	15.904	N/A	22,930
Total Department of the Interior			22,930
<u>U.S. Department of Justice</u>			
Direct program:			
Organized Crime Drug Enforcement Task Force	16.Unknown	N/A	93,730
Drug Enforcement Agency Task Force	16.Unknown	N/A	23,346
Joint Terrorism Task Force	16.Unknown	N/A	16,570
Edward Byrne Memorial Formula Grant Program	16.579	N/A	2,210
Bulletproof Vest Partnership Program	16.607	N/A	8,631
Passed through Arizona Department of Public Safety:			
Crime Victim Assistance	16.575	DPS	56,212
Edward Byrne Memorial Justice Assistance Grant Program Cluster			
ARRA - Edward Byrne Justice Assistance Grant Program	16.803		76,000
ARRA - Edward Byrne Justice Assistance Grant Program	16.804	2010-DJ-BX-1317	71,352
Total Edward Byrne Justice Assistance Grant Program Cluster			147,352
Passed through Arizona Governor's Division for Children:			
Juvenile Accountability Block Grant	16.523	JB-CSG-09-0273-10	19,648
Total Department of Justice			367,699
<u>U.S. Department of Transportation</u>			
Direct program:			
Click it or Ticket Next Generation	20.614	N/A	9,661
Click it or Ticket Next Generation	20.614	N/A	14,023
Passed through Arizona Department of Transportation:			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	CM-TMP-0(205)	99,749
Highway Planning and Construction	20.205		186,774
Highway Planning and Construction	20.205	CM-TMP-0(204)	2,121,168
Highway Planning and Construction	20.205		19,757
Highway Planning and Construction	20.205		225,665
Highway Planning and Construction	20.205		947,819
Highway Planning and Construction	20.205		16,939
Highway Planning and Construction	20.205		1,405,198
ARRA: Highway Planning and Construction	20.205.024	ARRA-TMP-0(211)A	1,392,192
ARRA: Highway Planning and Construction	20.205.024		182,733
Total Highway Planning and Construction Cluster			6,597,994
Passed through City of Phoenix:			
Federal Transit Cluster			
Federal Transit: Formula Grants	20.507	COP	784,673
Federal Transit: Formula Grants	20.507	COP	67,272
ARRA: Federal Transit: Formula Grants	20.507	COP	505,132
Total Federal Transit Cluster			1,357,077

CITY OF TEMPE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Program Title	CFDA Number	Pass - Through Grantor Number	Expenditures & Transfers
Passed through Arizona Governor's Office of Highway Safety:			
Highway Safety Cluster			
State and Community Highway Safety	20.600	2010-410-023	46,140
State and Community Highway Safety	20.600	2010-163014	1,586
State and Community Highway Safety	20.600	2010-PT-022	14,441
State and Community Highway Safety	20.600	2011-PT-001	8,291
State and Community Highway Safety	20.600	2010-410-037	4,241
State and Community Highway Safety	20.600	2011-AL-002	12,530
State and Community Highway Safety	20.600	N/A	38,828
State and Community Highway Safety	20.600	2011-AL-009	2,200
State and Community Highway Safety	20.600	2011-PT-006	3,545
State and Community Highway Safety	20.600	2010-AL-012	6,770
State and Community Highway Safety	20.600	2011-PT-005	22,795
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2011-410-009	64,709
Total Highway Safety Cluster			<u>226,974</u>
Total Department of Transportation			<u>8,204,829</u>
<u>U.S. Department of Library Services</u>			
Passed through the Arizona Department of Health Services:			
State Library Program	45.310	N/A	32,432
Total U.S. Department of Library Services			<u>32,432</u>
<u>U.S. Department of Energy</u>			
ARRA: Energy Efficiency and Conservation Block Grant	81.128	N/A	1,094,953
Total Department of Energy			<u>1,094,953</u>
<u>U.S. Department of Education</u>			
Passed through Arizona Governor's Office of Economy Recovery:			
ARRA: Public Safety Stabilization Program	84.397	OER-11-IGA-GS-7	53,190
ARRA: Public Safety Stabilization Program	84.397	OER-11-IGA-GS-73	42,268
Total Department of Education			<u>95,458</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Prevention and Treatment of Substance Abuse (SAPT)	93.959	N/A	134,900
Total Department of Health and Human Services			<u>134,900</u>
<u>Executive Office of the President</u>			
Direct Programs:			
High Intensity Drug Trafficking Areas Program	95.001	N/A	148,376
Total Executive Office of the President			<u>148,376</u>
<u>U.S. Department of the Homeland Security</u>			
Direct Programs:			
Urban Areas Security Initiative	97.008	N/A	8,981
Passed through Arizona Department of Homeland Security:			
Assistance to Firefighters Grant	97.044	EMW-2004-FP-02943	17,570
Homeland Security Cluster			
Homeland Security Grant Program	97.067	2006-GE-T6-0007	2,598
Homeland Security Grant Program	97.067	777215-01	65,167
Homeland Security Grant Program	97.067	555823-02	24,383
Homeland Security Grant Program	97.067	555823-01	56,803
Homeland Security Grant Program	97.067	555823-01	48,404
Homeland Security Grant Program	97.067	777824-02	98,588
Homeland Security Grant Program	97.067	N/A	2,214
Homeland Security Grant Program	97.067	777824-01	4,000
Homeland Security Grant Program	97.067	777823-03	11,012
Homeland Security Grant Program	97.067	777214-02	9,447
Homeland Security Grant Program	97.067	777214-01	54,287
Homeland Security Grant Program	97.067	N/A	496,786
Homeland Security Grant Program	97.067	N/A	86,032
Homeland Security Grant Program	97.067	N/A	107,254
Total Homeland Security Cluster			<u>1,066,975</u>
Total U.S. Department of the Homeland Security			<u>1,093,526</u>
Total Expenditures of Federal Awards			<u>\$23,453,375</u>

CITY OF TEMPE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Tempe, Arizona and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2011 *Catalog of Federal Domestic Assistance*.

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

 yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.067	Homeland Security Cluster
14.218, 14.253	Community Development Block Grant - Entitlement Grants Cluster
20.205	Highway Planning and Construction Cluster
14.257	Homelessness Prevention and Rapid Re-Housing Program, Recovery Act
81.128	Energy Efficiency and Conservation Block Grant Program, Recovery Act
20.507	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 703,602

Auditee qualified as low-risk auditee?

 X yes no

**CITY OF TEMPE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None reported.

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

**CITY OF TEMPE, ARIZONA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

Status of Federal Award Findings and Questioned Costs

The City of Tempe, Arizona had no findings or questioned costs related to federal awards noted in prior audits that require a status.